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**UNITED STATES BANKRUPTCY COURT  
 DISTRICT OF NEVADA**

In re:  
 USA COMMERCIAL MORTGAGE COMPANY,  
 Debtor.

In re:  
 USA CAPITAL REALTY ADVISORS, LLC,  
 Debtor.

In re:  
 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,  
 Debtor.

In re:  
 USA CAPITAL FIRST TRUST DEED FUND, LLC,  
 Debtor.

In re:  
 USA SECURITIES, LLC,  
 Debtor.

Affects:

- ☒ All Debtors
- ☐ USA Commercial Mortgage Company
- ☐ USA Securities, LLC
- ☐ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA First Trust Deed Fund, LLC

Case No. BK-S-06-10725 LBR  
 Case No. BK-S-06-10726 LBR  
 Case No. BK-S-06-10727 LBR  
 Case No. BK-S-06-10728 LBR  
 Case No. BK-S-06-10729 LBR

Chapter 11

**DEBTORS' MOTION FOR JOINT  
 ADMINISTRATION  
 WITHOUT SUBSTANTIVE  
 CONSOLIDATION**

Date:

Time:

1 Debtors USA Commercial Mortgage Company ("USA Mortgage"), USA Securities, LLC  
 2 ("USA Securities"), USA Capital Realty Advisors, LLC ("USA Realty"), USA Capital Diversified  
 3 Trust Deed Fund ("USA Diversified"), and USA Capital First Trust Deed Fund ("USA First")  
 4 (collectively referred to as "Debtors"), by and through their counsel, Ray Quinney & Nebeker  
 5 P.C., hereby move this Court for an Order providing for the joint administration without  
 6 substantive consolidation of the aforementioned Debtors' chapter 11 cases ("Motion"). In support  
 7 of this Motion, the Debtors respectfully represent as follows:

### 8 JURISDICTION AND VENUE

- 9 1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and  
 10 1334.
- 11 2. This is a core proceeding pursuant to 28 U.S.C. §157(b).
- 12 3. Venue is proper before this Court pursuant to 28 U.S.C. §§1408 and 1409.
- 13 4. The relief requested herein is provided for in Rule 1015(b) of the Federal Rules of  
 14 Bankruptcy Procedure.

### 15 BACKGROUND

16 5. On the date hereof (the "Petition Date"), the Debtors filed voluntary petitions for  
 17 relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The  
 18 Debtors continue to operate their businesses and manage their properties as debtors in possession  
 19 pursuant to sections 1107 and 1108 of the Bankruptcy Code.

20 6. The Debtors incorporate by reference herein the Declaration of Thomas J. Allison  
 21 (the "Declaration") submitted concurrently, herewith. The Declaration sets forth the Debtors'  
 22 history, business and current financial condition, and the events leading to the commencement of  
 23 these cases.

24 7. The Debtors' chapter 11 cases share common issues and common creditors.

25 8. The funds of all Debtors were commingled into various bank account and Debtors  
 26 are, at this point, unable at this point to trace precisely which funds belong to which creditors or  
 27 investors. Therefore, Debtors' counsel believes that Debtors will be required to notice creditors of  
 28 all Debtors that have an interest in the assets being disposed of in all of the Debtors' cases.

1           9. Further USA Securities, USA Realty and USA Mortgage (collectively referred to  
2 as “USA Entities”) operated under the common control of Joseph D. Milanowski and Paul S.  
3 Hamilton. USA Diversified and USA First (collectively referred to as the “USA Funds”) were  
4 operated by USA Realty is the sole manager of the USA Funds under their respective LLC  
5 operating agreements.

6           10. Pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure  
7 (“Bankruptcy Rule”), the Debtors seek the joint administration of the aforementioned chapter 11  
8 cases, for administrative purposes only. Bankruptcy Rule 1015(b) provides, in relevant part:

9                   If a joint petition or two or more petitions are pending in the same  
10                   court by or against...a debtor and an affiliate, the court may order a  
11                   joint administration of the estates.

12           11. The term “affiliate” includes an “entity that directly or indirectly owns, controls, or  
13 holds with power to vote, 20 percent or more of the outstanding voting securities of the debtor...”  
14 and “an entity that operates the business or substantially all of the property of the debtor under an  
15 ...operating agreement.” Bankruptcy Code § 101 (2) (A) & (D).

16           12. In the instant case, USA Entities are affiliates under Bankruptcy Code §101(2)(A)  
17 because the USA Entities were under the common control of Joseph D. Milanowski and Paul S.  
18 Hamilton. USA Funds are affiliates of the Debtors because USA Realty is the sole manager of the  
19 USA Funds under their respective LLC operating agreements, and thus “operates the business” of  
20 the USA Funds under an operating agreement.

21           13. Given the relationship between the Debtors’ chapter 11 cases—which includes  
22 common creditors, commingled funds, common bank accounts for collection of loan interest and  
23 principal, shared offices and common record keeping—the cases should be jointly administered.  
24 Joint administration will eliminate or reduce the need for duplicative notices, motions, and  
25 applications and will allow time for the separation of funds and clarification of records. Such  
26 measures will save considerable time and expense for the Debtors and their respective estates.

27           14. Movant is not in a position to recommend for against substantive consolidation at  
28 this time and does not request substantive consolidation.

RELIEF REQUESTED

15. The Debtors request that one file and one docket be maintained for the jointly administered cases. As set forth above, the Debtors further request that the file and docket established for the jointly administered case be that of USA Mortgage and that the parties file all subsequent pleadings under the pleadings caption attached as Exhibit "A." With respect to noticing in the jointly administered cases upon approval of this motion, the Debtors propose to add to the Service List maintained in the USA Mortgage case any creditors from USA Securities, USA Realty, USA Diversified and USA First which are not already on the USA Mortgage Service List. To the extent that an individual Debtor is involved, Debtors propose that the parties file pleadings related to the single debtor under the caption attached as Exhibit "A," and designate the affected Debtor.

16. The rights of the respective creditors of the Debtors will not be adversely affected by the proposed joint administration of the Debtors' chapter 11 cases because each creditor may still file its claim against a particular Debtor. Further, the rights of all creditors will be protected by the reduced costs that will result from the joint administration of these cases. Additionally, the Court will be relieved of the burden of entering duplicative orders and maintaining redundant files. Finally, supervision of the administrative aspects of the aforementioned chapter 11 cases by the Office of the United States Trustee for the District of Utah, Central Division (the United States Trustee") will be simplified. Thus, joint administration of the aforementioned cases is in the best interest of all creditors, Debtors, administrators, and the Court.

17. Accordingly, this Court is authorized to grant the relief requested herein. However, given that the majority of creditors in these affiliated cases are creditors of USA Mortgage and that USA Mortgage was the earliest case filed, the Debtors seeks joint administration in the USA Mortgage case.

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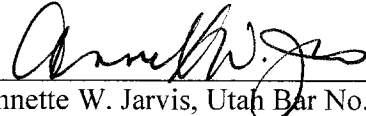
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1 WHEREFORE, Trustee moves the Court for an Order providing for the joint  
2 administration of the aforementioned cases for administrative purposes.

3 DATED this 14th day of April, 2006.  
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# **EXHIBIT “A”**

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Chapter 11

**Jointly Administered Under  
 Case No. BK-S-06-10725 LBR**

**DOCUMENT NAME**

Date:  
 Time:

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